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Mohegan Sun Laying Off More Than 300 Workers And CEO

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The Day

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Mohegan Sun is laying off more than 300 employees and replacing its chief executive officer, the Mohegan Tribe's top casino official said Thursday.

Jeffrey Hartmann, a Mohegan Sun executive since 1996 and the casino's CEO since 2011, left the casino Wednesday, said Mitchell Etes, CEO of the Mohegan Tribal Gaming Authority.

Etes said Bobby Soper, CEO of Mohegan Sun at Pocono Downs, the authority's race track casino in Wilkes-Barre, Pa., would replace Hartmann. Etes declined to discuss the circumstances of Hartmann's departure.

Etes said 282 employees were being laid off immediately and that 46 more would be let go at the end of October when the casino closes Birches, an authority-owned restaurant that will reopen under new ownership.

The casino also will shut down its keno operation, Etes said.

The layoffs — the casino's second mass layoffs in two years — involve employees in virtually every department and include some at all levels, from vice president on down, he said.

"You have to put this in the context of the amazing decline in business we've experienced," Etes said. "The last thing we ever want to do is lay people off, but we had to do this to make the size of our workforce appropriate to our business volumes."

Casino executives have attributed the persistent decline in revenues at Mohegan Sun and Foxwoods Resort Casino, its nearby competitor, to the economy's weak recovery and increasing competition, most recently from Resorts World Casino at the Aqueduct race track in New York City, which debuted last October, and to a lesser extent Revel, a \$2.4 billion casino that opened in April in Atlantic City, N.J.

On Sept. 14, 2010, Mohegan Sun announced it was eliminating 475 positions, the majority of them in the

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casino's food-and-beverage department. At the time, the casino said about 120 workers whose positions were eliminated would be able to transition into other jobs at Mohegan Sun, meaning the casino's workforce was to be reduced by about 355 employees. At the same time, the casino announced it would close one of its two buffet restaurants and two casino-owned outlets in its food court that reopened under third-party operators.

Slots revenue, generally considered a reliable indicator of a casino's overall financial health, has been declining at Mohegan Sun for five years. Slots "win" — the amount of wagers the casino keeps after paying out prizes — has fallen each month this year compared to the corresponding month in 2011.

In July, typically the casino's busiest month, the win was down 10.4 percent. In August, it was down 6 percent, a percentage that would have been higher had Tropical Storm Irene not taken a toll on casino revenues in August 2011.

For the first eight months of 2012, Mohegan Sun's slots win was down 6.7 percent over the same period in 2011. Comparing August 2012 to August 2007, the decline is 32.6 percent.

Earlier, the Mohegan Tribal Gaming Authority, the entity that operates the casino, reported that its net income, or profit, for the third quarter of its 2012 fiscal year — April, May and June — was down 4.7 percent over the same quarter the previous year.

Resorts World, the New York City facility that operates slots-like video display terminals and electronic table games, generated more slots win than Mohegan Sun last month — \$58.6 million to \$56.3 million — than it did in April and May. Resorts World generated "handle" — the total amount of wagers — of more than \$1.1 billion in August, far outstripping Mohegan Sun's handle of \$687.2 million.

The Mohegan gaming authority refinanced \$1.6 billion in long-term debt in March, pushing back maturity dates to 2015 and later.